

Commission in general insurance reintroduced

JASIM UDDIN KHAN

The government yesterday decided to reintroduce commission system in general insurance business to stop unhealthy competition among fellow companies.

The decision was taken at an inter-ministerial meeting at the commerce ministry conference room with Commerce Secretary Siddiqur Rahman in the chair.

The government suspended commission system in March 2002 following the request of the Bangladesh Insurance Association. However, the insurance firms were

giving increased percentage to their agents in the name of business development.

Commerce ministry sources said general insurance companies tend to spend excessive money on roping in clients due to stiff competition among the companies.

According to Insurance Act-1938, the firms are allowed to give commission to the insurance agents and employer of agents.

The ministry sources said the general insurance business is seeing dull period largely due to increased number of companies in the business. Some 35 general

insurance companies are operating in the country now.

"For the rat race in the sector, the insurance firms are spending increased amounts to earn business," a high official in the ministry said.

The unhealthy competition creates scopes for making shady transactions in the sector, he added.

He also said for increased expenditure in business development, the management cost of the insurance firms is increasing rapidly.

The Controller of Insurance (Col) in a letter recently told the commerce ministry that the financial

base of general insurance companies is becoming shaky due to high business development cost.

Col recommended that the ministry reintroduce the commission system immediately.

The ministry sources said reintroduction of commission system will help increase government revenue as well as bring financial discipline in the sector. The government will get licence and renewal of licence fee from the insurance agents and employers of agents.

Dhaka may get increased annual IDB aid

UNB, Dhaka

Islamic Development Bank (IDB) has assured Bangladesh of an increased annual development assistance worth up to US\$ 100 million if the country submits good development projects for financing.

The assurance came when Finance Minister M Saifur Rahman met IDB President Ahmed Mohammed Ali in Kuala Lumpur on the sidelines of a meeting of the bank's Board of Governors.

Saifur, who returned home Saturday from Malaysia, told reporters at the airport that the government may seek IDB support for the implementation of second Sayedabad water-treatment plant and other projects.

Regarding increased intra-trade among the OIC countries, he said the ministers of the member-states wanted promotion of trade within the bloc by activating the recently formed Islamic Trade Corporation.

Saifur, who also had a meeting with the governor of Bank Negara, said a money-exchange company can be set up in Kuala Lumpur within a month for sending remittances by Bangladeshi wage earners.

Saifur, also a Director of the 56-member Islamic Development Bank, expressed satisfaction over allocation of about US\$ 4.9 billion by the IDB last year (1425 hijri) an increase of about 28 percent over the previous year's figure.

He said the least developed member-countries need more resources to fight poverty, malnutrition and food insecurity.

EU adopts new GSP

LDCs to continue enjoying duty, quota free facility

BDNEWS, Dhaka

The European Union (EU) yesterday adopted a new generalised system of preference (GSP) with additional facility for the vulnerable developing nations pursuing good governance and sustainable development policies.

The least developed countries such as Bangladesh will continue to enjoy duty and quota free access to the EU for an indefinite period under the Everything But Arms (EBA) arrangement of GSP, said a statement by the European Commission (EC) delegation in Dhaka.

It said the new GSP as a whole will take effect on January 1, 2006, while the GSP Plus incentive system, specified for the vulnerable developing nations, will be fast tracked to apply from July 1, 2005.

"Agreement by (EU) Member States, led by the Luxembourg Presidency, breaks a preferential access system. The reform of the GSP will make the EU's system of preferential market access... both simpler and fairer," the statement said.

Under the new regime, China will be graduated for 80 percent of its exports, although it remains in the GSP. As in the previous regime, Indian textile will not benefit from the GSP preferential access although its clothing exports will continue to do so. "I am delighted with this agreement. This is our single most important trade tool for development," EU Trade Commissioner Peter Mandelson was quoted as saying by the statement.

He added: "It will focus EU trade preferences on the countries most in need, including those hit hard by the Asian tsunami last December."

He said the agreement reached with China on their textile exports has unlocked the previous blockage. "It shows that the EU retains its economic strength and ability to project its values internationally, even amidst the most difficult internal political debate."

Under the new GSP, the "graduation threshold" for textile was set at 12.5 percent, as it is for clothing.

Groups of products from beneficiary countries, which in a given sector account for more than 15

percent of EU imports from GSP countries are "graduated" and cease to benefit from preferential access.

The reform proposed by Mandelson simplifies the preferential scheme by reducing the number of GSP arrangements from five to three. The coverage of the general GSP system will be extended to 300 additional products mostly in agriculture and fishery sectors, the EU said.

The new GSP Plus incentive system will be targeted at "especially vulnerable" countries that have ratified and effectively implemented key international conventions on sustainable development, labour rights and good governance, it added.

The new GSP Plus incentive will allow around 7200 products to enter the EU market on a provisional basis.

The statement said the EU is in the process of reforming the rules of origin that govern GSP eligibility. The objective is to simplify and, where appropriate, relax those rules to provide further access for developing countries, it added.

Lack of skills in removing hides from animals hits leather industry

STAR BUSINESS REPORT

The country's leather industry suffers an annual loss of over Tk 300 crore due to lack of skills and awareness in removing hides from animals, said tanners yesterday.

They also said every year tanners collect 187 million square feet of leather, but 18 percent of the leather is found with defects.

They were speaking at a seminar jointly organised by Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association (BFLLEA) and Bangladesh Tanners Association (BTA) in Dhaka.

Delta director qualifies as chartered insurer



Earlier, she received the prestigious "Tyser England" award for qualifying for the Insurance Diploma Examination obtaining the highest marks in all papers, says a press release.

BUDGET 2005-06

FBCCI unveils 49 suggestions

UNB, Dhaka

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has come up with a 49-point recommendation on major tax measures to press the government to accommodate in the budget for FY2005-06 at the eleventh hour.

"Yes, we have already prepared a list of recommendations on three sectors of the budget - import duty, VAT and income tax," a senior FBCCI executive told the news agency yesterday.

He said the proposals will be placed at the next meeting of the board of directors of the apex trade body scheduled for Tuesday before submission to the government sometime this week.

The FBCCI prepared the list of recommendations on the basis of post-budget reactions and proposals it invited from its member-trade chambers and associations immediately after the placing of the budget in

Parliament on June 9.

The budget is going to be passed by parliament on Thursday.

"Unlike previous occasions, we have got spontaneous feedback from the trade bodies this year... most of the trade organisations criticised the budget and sent their proposals," said another FBCCI executive.

He said the recommendations include a request to withdraw the import duty of Tk300 on mobile-phone set as well as waive Tk1200 tax on SIM.

If not possible, the business community will give the government another option: transform the imposed import duty of Tk300 on mobile set into tax on SIM.

"It will also recommend imposition of a 25 percent tax on each taka of call charge after Tk2, if the call charges do not come down to Tk2 per minute," he said.

The FBCCI will strongly move with the demand for immediate appointment of tax ombudsman for neutral disposal of revenue-related cases,

according to the recommendations.

It has another proposal for reducing the tax on non-listed companies.

To avoid economic crisis likely to emerge out of frequently changing duty structures, the federative trade body would propose to the government to reduce the three-tier import-duty structure to 5 percent, 15 percent and 25 percent in greater interest of local industries.

In the final list of the recommendations, the FBCCI will also demand continuity of the proposed duty level up to the year 2010.

To make the PSI and duty-management system skilled and accountable, the business leaders will request the government to appoint duty commissioners by the National Board of Revenue (NBR).

The apex trade body would also propose reduction of the supplementary duties on sugar, import duty on air-conditioners, coconut oil, ceramic items and agricultural machinery, including tractors.

New Tk100 note to be issued tomorrow

UNB, Dhaka

Bangladesh Bank (BB) will issue a new note of 100 taka tomorrow.

Singed by the central bank's new Governor Dr Saleh Uddin Ahmed, the note will have portraits of national mausoleum in front side while the Jamuna Bridge in back.

The new note will be issued first from its head office in Motijheel and subsequently from other branches in the country, a BB press release, said adding that it will have imprint Tk 100 by optically variable ink in the left upper site. With holding oblique, its colour will be changing from golden to green.

The existing old notes of Tk 100 will also be in use with the new note, the BB said.

Graft holds back economic growth

Says M Syeduzzaman

STAR BUSINESS REPORT

The country has failed to achieve an expected economic growth due to corruption, former finance minister M Syeduzzaman said yesterday.

Lack of good governance and institutional capacity and non-participation of local government in the national budget, results in financial inequity in the society, Syeduzzaman told a book launch at Dhaka Reporters Unity auditorium.

The book, 'Budget Sahaz Path', was published by Shamunnay, an NGO.

Syeduzzaman said the budget is prepared for mass people and all the sections of the people have to understand the financial document.

He lauded the role of Shamunnay for publishing the book to make the complex documents easy for mass people.

Dr Atiur Rahman, president of Shamunnay, said the book may help people know the financial documents easily.

"The budget is not only a financial document but also a political and social document. So, people should understand the budget," Atiur added. He said Shamunnay may continue publishing books on budget.

Web portal launched for SMEs

STAR BUSINESS REPORT

SME Development Forum (SDF) yesterday launched a web portal to facilitate business information and advisory services to small and medium enterprises (SMEs) across the country.

SDF, a consortium of four private concern and NGO, has initiated the web site, the first of its kind, to address the acute need of information among small and medium entrepreneurs.

FBCCI Vice-president Abul Quasem Haider inaugurated the

web portal, www.sme-bd.org, as chief guest at a function in Dhaka. Basic Bank Managing Director Ekbal Hossain was also present as special guest while Dr Zia Uddin Ahmed of SDF presented a keynote paper at the function.

Entrepreneurs can have easy access to the facts and tips of business furnished on this web portal, which contains various ICT-based SME information and tips, the SDF official said. "The entrepreneurs will be greatly benefited from this web portal," he hoped.

Pointing to different constraints on SME development, Haider said high interest rate on bank loans is one of the major obstacles to boost SME sector. Bank interest rate is nearly 14 percent in Bangladesh, although the authorities point to 10 percent only.

"China achieved a significant progress in SME sector as bank interest rate is only 1.5 percent there. It is not more than five percent even in India. Domestic industries are sure to achieve a rapid growth if bank interest rate is kept low", FBCCI vice-president said demanding a single digit interest rate.

The SME sector in Bangladesh has a huge lack of information and there is no statistics bureau to provide necessary data to SMEs, he said.

The development of the country is directly linked with the development of SME sector as this sector contributes 25 percent of GDP (gross domestic product), he added.

Palm oil industry to counter US 'cruel oil' campaign

ANN/THE STAR

The ongoing battle between palm oil and soybean oil for markets worldwide has taken a nasty turn with lobbyists in the United States branding Malaysia's golden oil as "cruel oil".

In the mid-1980s, the American soybean lobby mounted an intense anti-palm oil campaign by saying it was bad for the heart. Malaysia went on the offensive and succeeded in setting the record straight.

Two weeks ago, the "cruel oil" campaign initiated by the US Centre for Science in the Public Interest (CSPI) based in Washington DC came out with the reasoning that forests were being destroyed and replaced by oil palm plantations, thus depriving the tiger and Sumatran rhino of their natural

habitats.

The Malaysian Palm Oil Board has immediately hit out at the unfair campaign.

Its director general Tan Sri Yusof Basiron said the campaign is baseless and aimed at denigrating palm oil because soybean oil was losing out to palm oil, which is a better and healthy oil.

"US businessmen have invested a huge amount in soybean and they are upset that it is not free of trans fatty acids," said Yusof.

"Palm oil is suitable as a green fuel and it is also not genetically modified to be free of trans fatty acids. More importantly, palm oil is priced competitively and is well positioned to meet the growing need for oils and fats especially in the West and emerging economies of the world."



General Secretary of Communist Party of Bangladesh Mujahidul Islam Selim (2-R) speaks at a discussion on 'Budget of the Year (2005-06) and Consumers Protection Act' organised by Consumers Association of Bangladesh (Cab) in Dhaka yesterday. Economist Dr Atiur Rahman (R) is also seen.

Rights of consumers ignored in budget

Cab roundtable told

STAR BUSINESS REPORT

The proposed budget for the FY2005-06 has ignored the rights of consumers, said economist Dr Atiur Rahman at a roundtable yesterday.

"Although the government has proposed the largest budget in the history of Bangladesh, the rights of consumers have not been reflected in it," he said.

People from low and middle income group expect a budget that checks the prices of essential

products, he told the discussion on 'Budget of the Year (2005-06) and Consumers Protection Act'.

Consumers Association of Bangladesh (Cab) organised the discussion in Dhaka which was also attended by Justice Naimuddin Ahmed, General Secretary of Communist Party of Bangladesh Mujahidul Islam Selim, human rights activist Aysa Khanam, Executive Editor of the Dainik Janakantha Borhan Ahmed and General Secretary of Cab Kazi Faruq.

Atiur, however, identified extortion on the highways as a major factor for price hike of essentials.

Atiur termed the proposed national budget anti-poor and favourable to rich people, saying this budget does not protect the interests of poor people.

He criticised the proposal of imposing a 10 percent corporate tax and waiver of tax holiday facility for the software industry and imposing Tk 1200 tax on SIM and RUM cards.

Citigroup named best trade finance bank

Citigroup, the parent company of Citibank NA, has been awarded Best Trade Finance Bank in Asia by the Trade Finance magazine, a global publication of the Euromoney group, in its June 2005 issue.

This was a global poll, based on the number of respondents voting for their most favored trade bank(s) in different categories for excellent products and services in 16 countries across Asia Pacific including Bangladesh, says a press release.

In addition, Citigroup was rated Best Structured Trade Bank, and was "Highly Commended" (second) in the categories for Best Trade Services Bank, Best Trade Documentation Bank, Best Online Trade Finance Bank, Best Short-Term Trade Finance Bank, Best Export Finance Arranger, Best Trade Finance Bank in Middle East and North Africa, Best Trade Finance Bank in Latin America.

Buyers, local RMG makers meet today

UNB, Dhaka

Major global retailers and brand owners such as Gap, Levi Strauss and Marks and Spencer will join local garment industry leaders and government officials at a conference here today in an effort to review future of Bangladesh's apparels in the post-MFA trading regime.

The two-day 'Forum on the Future' will focus on the prospect of the country's textiles and clothing industry in the quota-free period.

The United Nations Development Programme (UNDP) and the MFA Forum have organised the conference.

For garment workers in poor countries such as Bangladesh, the end of MFA has brought fears of large-scale job losses as well as downward pressures on working conditions, said Neil Kearney, board

director of the Ethical Trading Initiative and General Secretary of the International Textiles Garment and Leather Industry Workers.

With the world clothing and textile industry in turmoil, he said, countries that are highly dependent on the industry for employment and export earnings must develop strategies to stabilise and grow their industry.

"The conference will provide a springboard for all concerned-government, employers and workers alike-to develop such a strategy," he added.

Over 150 participants, including national and international government and trade-union representatives, officials of the World Bank and the International Finance Corporation are expected to attend the meet.